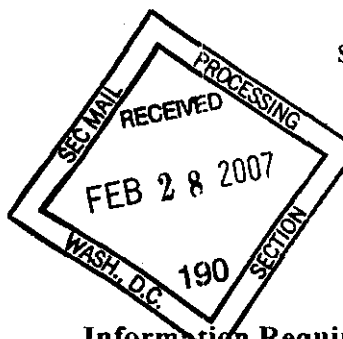




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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART IIIOMB APPROVAL  
OMB Number: 3235-0123  
Expires: February 28, 2010  
Estimated average burden  
hours per response..... 12.00SEC FILE NUMBER  
8- 35536

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 ThereunderREPORT FOR THE PERIOD BEGINNING 01/01/06 AND ENDING 12/31/06  
MM/DD/YY MM/DD/YY

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: MACK INVESTMENT SECURITIES, INC.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

1939 WAUKEGAN ROAD, SUITE 300

(No. and Street)

GLENVIEW

IL

60025

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

STEPHEN W. MACK

(847) 657-6600

(Area Code - Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

FROST, RUTTENBERG &amp; ROTHBLATT, P.C.

(Name - if individual, state last, first, middle name)

111 PFINGSTEN ROAD, SUITE 300 DEERFIELD

IL

60015

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

☒ Certified Public Accountant☐ Public Accountant☐ Accountant not resident in United States or any of its possessions.

PROCESSED

MAR 21 2007

FOR OFFICIAL USE ONLY

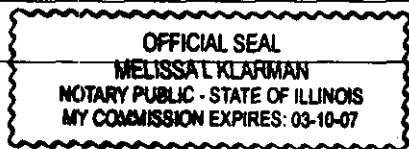
THOMSON  
FINANCIAL\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant  
must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

Potential persons who are to respond to the collection of  
information contained in this form are not required to respond  
unless the form displays a currently valid OMB control number.BB  
3/20

OATH OR AFFIRMATION

I, STEPHEN W. MACK, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of MACK INVESTMENT SECURITIES, INC. & MACK INVESTMENT INSURANCE BROKERAGE, INC., as of AND FOR THE YEAR ENDED DECEMBER 31, 2006, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



*[Signature]*  
Signature  
President  
Title

*Melissa L. Klarman*  
Notary Public

This report \*\* contains (check all applicable boxes):

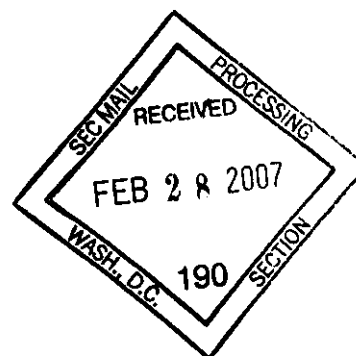
- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☐ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**Mack Investment Securities, Inc. and  
Mack Investment Insurance Brokerage, Inc.**

**Financial Statements,  
Supplementary Information and  
Auditor's Report**

**December 31, 2006**



**Mack Investment Securities, Inc. and  
Mack Investment Insurance Brokerage, Inc.  
December 31, 2006**

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Combined Statement of Financial Condition	2
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Tel 312.263.4455 • Fax 312.419.6689

[www.frronline.com](http://www.frronline.com)

To the Board of Directors  
Mack Investment Securities, Inc. and  
Mack Investment Insurance Brokerage, Inc.

### **Independent Auditor's Report**

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We have audited the accompanying combined statement of financial condition of Mack Investment Securities, Inc. and Mack Investment Insurance Brokerage, Inc. ("Company") as of December 31, 2006, that you are filing pursuant to Rule 17a-5 of the Securities and Exchange Commission. This combined financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this combined financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined statement of financial condition referred to above presents fairly, in all material respects, the financial position of Mack Investment Securities, Inc. and Mack Investment Insurance Brokerage, Inc. as of December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

*Frost, Rittenberg & Rothblatt, P.C.*  
February 16, 2007

Deerfield, Illinois

**Mack Investment Securities, Inc. and  
Mack Investment Insurance Brokerage, Inc.  
Combined Statement of Financial Condition  
December 31, 2006**

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**Assets**

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**Current Assets**

Cash and Cash Equivalents	\$	142,037
Commissions and Advisory Fees Receivable		218,563
Receivable from and Deposit with Clearing Broker		42,745
Securities Owned		9,732
Other Assets		3,708
<b>Total Current Assets</b>		<b>416,786</b>

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**Property and Equipment (Net of Accumulated  
Depreciation of \$292,894)**

**30,811**

<b>Total Assets</b>	<b>\$</b>	<b>447,597</b>
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**Liabilities and Stockholder's Equity**

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**Current Liabilities**

Commissions Payable	\$	149,051
Accounts Payable and Accrued Expenses		30,249
Note Payable - Auto		7,324
<b>Total Current Liabilities</b>		<b>186,624</b>

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<b>Stockholder's Equity</b>		<b>260,973</b>
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<b>Total Liabilities and Stockholder's Equity</b>	<b>\$</b>	<b>447,597</b>
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The accompanying Notes are an integral part of the Financial Statements.

**Frost, Ruttenberg & Rothblatt, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

**Mack Investment Securities, Inc. and  
Mack Investment Insurance Brokerage, Inc.  
Notes to the Combined Financial Statements  
December 31, 2006**

**Note (1) Summary of Significant Accounting Policies - Continued**

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**E. Income Taxes**

The stockholders of the Company have elected to be taxed as a small business corporation under Internal Revenue Service Regulations; therefore, no provision for federal or state corporate income taxes is necessary. The income or loss is separately reportable on the individual income tax returns of the stockholders for federal and state income tax purposes. The Company is responsible for state replacement taxes.

**F. Securities Transactions**

Securities transactions for the Company's customers are executed and cleared by independent clearing agents on a fully disclosed basis. Customers' securities transactions are reported on a settlement date basis with related commission revenue and expenses reported on a trade-date basis. Fees paid to the clearing agent are recorded as expenses when incurred. Securities owned are carried at market value with the resulting unrealized gains and losses reflected in income.

**G. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. While actual results may differ from those estimates, management does not expect the differences, if any, to have a material effect on the financial statements.

**Note (2) Revenue Recognition**

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Securities and insurance transactions and the related commission revenues and expenses are recorded on trade-date. Advisory fees are recognized as earned and are based primarily on assets managed.

**Frost, Ruttenberg & Rothblatt, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

**Mack Investment Securities, Inc. and  
Mack Investment Insurance Brokerage, Inc.  
Notes to the Combined Financial Statements  
December 31, 2006**

**Note (5) Leases**

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The Company leases office space under an operating lease that expires in June 2009. At December 31, 2006, the minimum annual rental commitments, exclusive of additional payments that may be required for certain increases in operating costs, are as follows:

2007	\$ 45,287
2008	46,464
2009	23,530
<b>Total</b>	<b>\$ 115,281</b>

The Company's rent expense for the year ended December 31, 2006 was \$44,139.

**Note (6) Off-Balance Sheet Risk**

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Securities transactions of customers are introduced to and cleared through MIS's clearing broker. Under the terms of its clearing agreement, MIS is required to guarantee the performance of its customers in meeting contract obligations. In conjunction with the clearing broker, MIS seeks to control the risks associated with its customers' activities by requiring customers to maintain collateral in compliance with various regulatory and internal guidelines. Compliance with the various guidelines is monitored daily and pursuant to such guidelines, customers may be required to deposit additional collateral or reduce positions when necessary.

Amounts receivable from and on deposit with the clearing broker represent a concentration of credit risk. MIS does not anticipate nonperformance by customers or its clearing broker. In addition, MIS has a policy of reviewing, as considered necessary, the creditworthiness of the clearing broker with which it conducts business.

**Note (7) Employee Benefit Plan**

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The Company maintains a profit sharing plan with a 401(k) provision covering all eligible employees. The Company contributes a percentage of salaries, matches participant contributions, and may make discretionary contributions to the plan, subject to certain limitations as set forth in the plan agreement. The Company incurred contribution expense of \$12,500 during the year ended December 31, 2006.